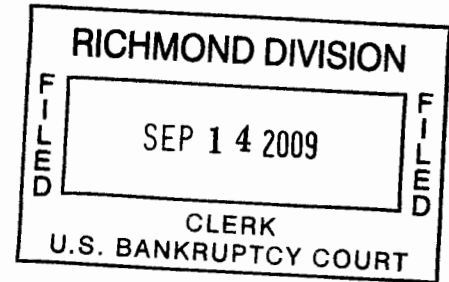


**Steve Saunders**  
**2931 Royal Virginia Court • Louisa, VA 23093**  
**(804) 457-4792**

September 10, 2009

Clerk of the Bankruptcy Court  
United States Bankruptcy Court  
701 East Broad Street – Room 4000  
Richmond, Virginia 23219



Re: Thirty-Sixth Omnibus Objections to Claims (Disallowance to Certain Claims Relating to Short Term Incentive Plan)

The purpose of this letter is my written response contesting the objection to claim number 6825 and request for hearing.

I am contesting this objection because unlike many of the separated associates from the company I was employed through the entire eligibility period of the STIP plan. I was on the wind down-team and participated in the liquidation process as information gathering for the bankruptcy. I continued to be actively employed until July 17, 2009. At no time was any communication provided to me or others in my group that the STIP had been amended or discontinued. At minimum based on the terms of the plan I believe that am eligible for a 50% of base payout by meeting my personal goals as set forth in the plan which were not dependent on company sales or profitability but individual contributions.

My supervisor, Laurie Lambert-Gaffney who is still currently employed on the wind-down team can attest to my completion of my personal goals and eligibility for payout based on verbiage in the plan document "Final PE rating of 3 or higher to be eligible for individual measure.

Thank you for your time and consideration regarding the above.

Respectfully submitted,

Stephen T. Saunders  
Enclosures

Example  
"C"



Eric A. Jonas, Jr.  
Senior Vice President  
Human Resources  
Circuit City Stores, Inc.  
9950 Mayland Drive  
Richmond, VA, 23233  
(804) 486-8117

August 18, 2008

**Subject: FY09 Circuit City Management Incentive Plan**

Our annual incentive plan is referred to as the Management Incentive Plan because it includes individuals who play a role in managing the outcome of our business for our shareholders. Each year we make refinements to this plan to ensure that as a team we are focused and aligned with our business strategy. For FY09, we have made changes to the Plan that I would like to make you aware of and help you understand. For FY09:

- Target incentives for eligible associates will be calculated using the percentage associated with their job level and their **incentive-eligible earnings** for the fiscal year, not simply their salary on December 1<sup>st</sup>. This change allows us to prorate the payout provided to new hires.
- Associates must receive a **Final PE Rating** of 3 or higher to be eligible to receive a payout under either measure of the incentive plan. Previously the objectives rating was used which didn't take into consideration the rating the associate received for their job accountabilities.
- Payout under the corporate portion of the incentive plan will be tied to a target based on **Earnings Before Taxes (EBT) as a percent of Revenue**, not Earnings Per Share (EPS) as was used previously.
- Minimum required performance under the corporate portion of the plan will be reduced from 85% of target to **50% of target**.

While the year ahead includes many challenges, we set our annual operating budget based on financial targets that we believe are achievable and will deliver improvements for our shareholders. We need everyone's focus, effort, and commitment to continue to transform Circuit City into the organization we all firmly believe it can be.

Changes in operating practices, such as these adjustments to our incentive program, are helping us gain traction in this challenging economy and competitive market. I applaud the continuing commitment and hard work of every member of our team. It is very important that we remain focused and execute so that we continue to make the kind of progress that our shareholders expect.

You are making a difference and I firmly believe our numbers will reflect this progress. Thank you for your hard work.

Eric A. Jonas  
Senior Vice President  
Human Resources

- The target incentives for eligible associates are calculated using the percentage associated with the job level and the associate's incentive-eligible earnings for the fiscal year.
- Fifty percent of each participant's payout is based on company results against the EBT as a percent of revenue measure and 50 percent is based on individual performance tied to PE results (see below)
- This design means that associates will be able to earn an incentive under the Individual portion of the plan, whether or not the company achieves its overall threshold EBT performance number.

#### **Payout Under Corporate Measure**

- A target based on Earnings Before Taxes (EBT) as a Percent of Revenue REPLACES Earnings Per Share (EPS). This change reflects our belief that EBT as a percent of revenue is a better measure of our effectiveness as EPS is influenced by taxes and the number of our shares outstanding.
- The minimum required performance under the corporate portion of the plan has been reduced from 85% of target to 50% of target to provide greater opportunity for payout given the fluctuating economic environments we face. A complete payout percentage chart is included in the attached Management Incentive Plan document.
- Associates must receive a **Final PE Rating** of 3, 4, or 5 to receive a payment under this measure.

#### **Minimum Performance Under Individual Measure**

- For FY09, the individual portion requires that an associate receive a **Final PE Rating of 3 or higher to be eligible** to receive any payout under the incentive plan.
- We anticipate that on a year-to-year basis, payout under the incentive plan will reflect the type of year the organization has had as a whole. In instances where we have a disproportionate number of high PE ratings relative to our corporate performance, payout under the individual measure may be reduced to ensure funding.

**Circuit City  
Management Incentive Plan**

**Plan Number:** CC05  
**Effective Date:** March 1, 2008 to February 28, 2009  
**Eligibility:** Vice Presidents Professionals in Level 4 or higher  
Directors Regional HR Directors  
Managers Asset Protection  
**Incentive Target:** Varies by position  
**Maximum Payout:** 160% of Incentive Target

**Objective**

The goal of the annual incentive plan is to align your pay at risk with the company goals and drive a positive return for our shareholders.

**Measures**

The incentive plan has 2 measures.

Measures	Based on	Weight	Performance Period
Company	Earnings Before Taxes (EBT) as a % of Revenue	50%	Annual
Individual	Individual Performance	50%	Annual

**Company**

Results will be based on full year consolidated EBT as a % of Revenue as reported on the Company's consolidated financial statements for the fiscal year ended February 28, 2009.

**Source of Performance Data**

- Finance

**Formula**

- The incentive payout will be calculated using the following incentive grid.
- Payout percentage is interpolated between the levels indicated on the incentive grid below if attainment of the performance goal occurs between the specified levels. Achievement of the performance goal will be determined based on GAAP earnings as reported in the company's financial statements, excluding the effects of any change(s) in accounting principles. All determinations regarding the achievement of the performance goal will be made by the Compensation Committee of the Board.
- The targeted EBT as a % of Revenue may be adjusted to back out the full year impact related to material one-time or non-recurring events (e.g. sale of Intertan) or material charges (e.g. restructure charge). A change or benefit is deemed to be a material nonrecurring event if it is classified as a discontinued operation or characterized as such in filings with the SEC or if the event would significantly alter the incentive payout calculation. Store openings and closings will be budgeted in accordance with the real estate plan. Material variances created by more/less openings/closings than planned may be adjusted so that they will not affect the payout. All material unbudgeted events will be included or excluded at the discretion and approval of the Compensation Committee.

Performance Goal (Percent of Goal Achievement)	EBT as a % of Revenue Payout Percentage
225%	200%
194%	175%
163%	150%
131%	125%
100%	100%
81%	75%
69%	50%
50%	25%
Less than 50%	0%

Following are the administrative guidelines that apply to the plan.

#### **Performance Period**

Payments are calculated for a specified and fixed period of time (the "Performance Period") and performance is measured only at the end of the Performance Period. The Performance Period for annual measures is March 1 to February 28.

#### **Eligible Earnings and Incentive Target**

- Eligible Earnings are defined as regular base pay earned during the Performance Period. It does not include any premium or differential, cost of living, or other items such as incentive pay, sign-on bonuses, short-term disability, etc.
- The incentive target as of December 1<sup>st</sup> will be used to calculate the incentive payout. The incentive target is represented as a percentage and the % target is based on the salary level of your position.

#### **Eligibility**

- Status: only full-time associates who are in an incentive eligible position, as of December 1<sup>st</sup>, are eligible to participate in the plan.
- Termination: The plan is intended to attract and retain associates. Therefore, as a condition of receiving an incentive payout, an associate must remain employed with the Company on a full-time basis through and including the date of payout. An associate who terminates employment for any reason or changes to part-time status prior to the date of payout will not receive a payout, except to the extent required by law.
- Associates on an approved leave of absence of any type on the date of payment may be eligible for incentive payout upon the return to work. As allowed by law, associates who fail to return to work for any reason following an approved leave of absence will not receive a payment under the plan.
- New Hires: associates hired into an incentive eligible position begin to participate on their hire date. Associates hired on or after December 1<sup>st</sup> are not eligible.
- Associates must receive a final overall rating of 3, 4 or 5 to remain eligible for a payout.

#### **Timing and General Terms**

- Generally payments are calculated and are targeted for payment within 75 days of the end of the Performance Period.
- Payroll taxes will be withheld from incentive payments in accordance with federal, state and local law.
- 401(k) and ESPP plan contributions will be deducted from an incentive payment in accordance with an associate's election under each plan and subject to the respective plan limits.
- Health and Welfare deductions will not be taken from an incentive payment.

#### **General Conditions of the Plan**

The Company reserves the right to terminate, amend, modify and/or restate the plan (in whole or in part) at any time and without advance notice.

An eligible participant's employment with the Company is at will and is terminable at any time, with or without cause, and with or without notice. The plan shall not be construed to create a contract of employment for a specified period of time between the Company and the participant.

No incentive will be earned for a Performance Period in which it has been determined that an associate has manipulated the plan, falsified information or engaged in any other conduct that in the opinion of the Company has attempted to thwart, subvert, or contravene the intent of the plan or any other measure or condition of the plan.

Due to the complex nature of variable pay plans it is impossible to cover every aspect. The clarification and resolution of any issue not clear from this plan will be determined at the sole discretion of the Chairman, President & CEO and/or Senior Vice President of Human Resources.

#### Calculation

- Annual Incentive Target \$ = FY09 Eligible Earnings x Incentive Target as of December 1<sup>st</sup>
- Company Payout \$ = Annual Incentive Target \$ x EBT as a % of Revenue Payout Percentage x Weight

**Example assuming goal is achieved (100% of goal achievement = 100% payout percentage)**

- Annual Incentive Target \$ = \$60,000 x 10% = \$6,000
- Company Payout \$ = \$6,000 x 100% x 50% = \$3,000

#### Individual Performance

An individual's performance will be based on achievement against a documented performance plan that is in writing and submitted by the individual's manager through the performance evaluation (PE) system. Lack of a submitted performance plan may result in exclusion for this measure of the plan. The final rating will be used to calculate the incentive payout based on the table below. In addition, the objectives' rating must also be a 3, 4 or 5 to remain eligible for a payout under this measure of the plan.

#### Source of Performance Data

- Performance evaluation as reported in the performance evaluation system

#### Formula

- The payout will be calculated using the following matrix.
- The "individual payout %" shown below is based on a normal distribution of PE ratings. If the performance distribution is skewed with a higher number of 4's and 5's than anticipated then an adjustment to all payouts may need to be made to ensure the total overall payout is funded.

Final Overall Rating	Individual Payout %
5	120%
4	110%
3	100%
2	0%
1	0%

#### Calculation

- Annual Incentive Target \$ = FY09 Eligible Earnings x Incentive Target as of December 1<sup>st</sup>
- Individual Performance Payout \$ = Annual Incentive Target \$ x Individual Payout % x Weight x Adjustment (if necessary)

**Example assuming a Final Rating of 3**

- Annual Incentive Target \$ = \$60,000 x 10% = \$6,000
- Individual Performance Payout \$ = \$6,000 x 100% x 50% = \$3,000

#### Total Payout

Company Payout \$ + Individual Performance Payout \$ = \$3,000 + \$3,000 = \$6,000